

Retail Investor Protection Through Information Disclosure in the Domestic Capital Market

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ABSTRACT– This study examines the protection of retail investors in the capital market using a normative legal approach, focusing on the authority of the Financial Services Authority (OJK), the disclosure obligations of issuers, and the available law enforcement mechanisms. The analysis was conducted through a review of primary legal materials in the form of capital market laws and regulations and secondary legal materials. The results of the study show that the legal framework has provided a broad set of tools to reduce information asymmetry and provide room for retail investors to recover their losses. The OJK has a regulatory and supervisory mandate that includes setting disclosure standards, monitoring compliance, conducting special examinations, and applying graduated sanctions. At the regulatory level, issuers' obligations are linked to accounting standards, audits, and the supervision of supporting professions, so that the quality of information can be tested through several layers of supervision. However, the effectiveness of protection is still influenced by the limited financial literacy and legal capacity of retail investors, the cost and time barriers to litigation, and institutional challenges in supervising an increasingly digitalised market. Therefore, it is necessary to strengthen the quality of information disclosure that is reader-friendly for small investors, increase the transparency of law enforcement by authorities, and develop more accessible dispute resolution mechanisms, including support for retail investor organisations as dialogue partners in the formulation of capital market policies oriented towards investor protection.

Keywords: capital market, Financial Services Authority, information disclosure, issuers, retail investors, legal protection, governance.

A. INTRODUCTION

The modern capital market provides a forum for interaction between various parties with

different interests, ranging from issuers, institutional investors, retail investors, to regulatory authorities. The capital market is expected to provide long-term financing for businesses, drive economic growth, and improve the efficiency of resource allocation. The capital market also carries significant risks for investors, especially those with limited information and analytical capacity. In this environment, regulatory structures and supervisory systems are crucial to ensure that market mechanisms do not become instruments that harm vulnerable investors. In Indonesia, capital market regulations have developed gradually through legal, implementing regulations, and authority provisions, with the aim of creating a regulated, fair, and efficient market (Heradhyaksa, 2020).

As public participation in the capital market increases, the issue of investor protection has become increasingly prominent, particularly for retail investors who tend to have limited bargaining power and understanding of complex financial instruments. Various cases of drastic stock price declines, delays or deficiencies in the disclosure of material information, and manipulative actions in the market illustrate that information asymmetry remains a significant problem (Nurprastyo, 2024). The quality of issuers' disclosures and the effectiveness of regulatory oversight need to be reviewed so that the objectives of capital market development are not undermined by practices that cause losses to investors. In this case, a normative legal perspective is important to assess whether positive norms are sufficient in providing legal guarantees for investors (Sujana, 2024).

The establishment of the Financial Services Authority (OJK) marked a change in the institutional supervision of the financial services sector, including the capital market, from a sectoral supervision model under the central bank to an independent institution that integrates the regulation and supervision

of banking, capital markets, and non-bank financial industries. This shift in authority is accompanied by a broad mandate to protect the interests of consumers and the public, maintain financial system stability, and promote sound financial services activities. These changes require an evaluation of how authority, supervisory instruments, and sanctions are used to strengthen the position of investors, especially in the face of potential violations of disclosure obligations by issuers. Normative legal research can outline the consistency between the OJK's mandate, technical regulations, and legal enforcement practices (Anggriawan & Susila, 2023; Kusnawirawan et al., 2025).

In the realm of business legal, the capital market becomes a testing ground for various fundamental principles such as transparency, good faith, accountability, and legal certainty. The relationship between issuers and investors is not as simple as a bilateral agreement, but is built through a network of norms that regulate prospectuses, periodic financial reports, disclosure of material information, corporate governance, and dispute resolution mechanisms. Above all, investor protection is an important parameter that reflects the effectiveness of the legal system in overseeing modern financial transactions (Wiyanti & Razak, 2024). The normative legal analysis of the role of the OJK, the disclosure obligations of issuers, and the mechanisms for protecting retail investors is therefore a relevant theme for examining whether the existing regulatory framework is adequate in reducing the risks faced by investors and the extent to which the available instruments can be consistently enforced.

One of the main problems in investor protection in the capital market is the continuing asymmetry of information between issuers and the public. Issuers are in a more advantageous position in terms of controlling information about business performance, prospects, and risks, while retail investors often rely entirely on officially announced information. If disclosure obligations are only fulfilled formally without regard to substance, or are even violated through delays and obscuring of material information, then investors' rights to make rational investment decisions are reduced. This condition has the potential to cause significant losses and erode public confidence in the capital market as a fair means of investment.

Another issue relates to how the OJK uses its authority to prevent and crack down on violations that harm investors (Adhiwangsa, 2024). In practice, there is a gap between the legal norms formulated in OJK laws and regulations and their implementation in legal enforcement against violations of information disclosure, market manipulation, or fraudulent practices that ensnare retail investors (Nazhifah et al., 2024). The question that arises is the extent to which the OJK is able to proactively monitor the quality of issuers' disclosures, identify patterns of violations, and impose proportionate sanctions that have a deterrent effect. It is necessary to examine the extent to which the OJK's risk-based supervision and reporting systems are truly effective in reducing opportunities for violations.

The next issue concerns the effectiveness of direct protection mechanisms for retail investors, whether through complaints, mediation, civil lawsuits, or criminal proceedings. In many cases, victims of capital market violations are small investors who lack the resources to pursue lengthy and costly litigation. The non-litigation mechanisms provided by the OJK need to be evaluated in terms of accessibility, procedural clarity, and the ability to provide real recovery. At the same time, regulations regarding the responsibilities of issuers and other market participants, including the obligation to compensate investors for their losses, must be critically reviewed so that they do not stop at administrative sanctions that are more oriented towards formal compliance than the restoration of investors' rights.

Advances in information technology and the digitization of securities trading have made it easier for the public to access the capital market. Online trading applications, the proliferation of investment education on social media, and policies that encourage market deepening have led to a sharp increase in the number of retail investors. Amidst this increase in participation, potential vulnerabilities have also grown, including exposure to issuers with high-risk business models, misleading promotional practices, and speculative behavior that is not in line with long-term investment objectives. The dynamics of this vulnerable mass participation are similar to other digital community financial activities, such as online arisan, where digital empowerment must also be accompanied by adequate legal protection to prevent losses and abuse (Negara &

Darmawan, 2023). In this situation, re-examining the quality of legal protection for investors is highly relevant, as systemic failures in protecting retail investors could lead to a crisis of confidence that would hamper the development of the capital market itself.

The capital market regulatory structure continues to undergo updates, both at the legislative and regulatory levels, in line with international standards and in response to various cases that have occurred. These changes raise questions about the consistency, adequacy, and coherence of regulations in ensuring investor protection. A normative legal analysis of the role of the OJK, the disclosure obligations of issuers, and the mechanisms for protecting retail investors is currently important in order to identify areas that are already strong and areas that need strengthening. The results of this research have the potential to contribute to the renewal of capital market legislation that is more responsive to the dynamics of practice and the needs of investors.

This research aims to analyze the normative legal framework governing the Financial Services Authority's authority and implementation of investor protection in the capital market, particularly through the supervision of issuers' information disclosure, as well as to examine issuers' disclosure obligations and the effectiveness of legal protection mechanisms available to retail investors. Theoretically, this research is expected to enrich business law studies on the relationship between capital market regulations and investor protection guarantees. Practically, the results of this research are expected to provide input for policy makers and market participants on aspects of regulation and law enforcement that need to be strengthened to create a safer investment environment for retail investors.

B. METHOD

This research uses a normative legal approach with an emphasis on the study of legal regulations, doctrines, and decisions relevant to investor protection in the capital market. The normative legal approach is understood as research that places the law as a written norm that is analyzed systematically to find the principles, structure, and interrelationships between rules that govern a particular field. In the tradition of legal research, this approach is

commonly referred to as doctrinal research, which is the research of positive legal systems through grammatical, systematic, and teleological interpretations to explain the consistency and completeness of the norms governing a particular issue (Ibrahim, 2006; Marzuki, 2014). From a qualitative methodological perspective, this research is similar to literature studies that are oriented towards conceptual and interpretive analysis of legal texts, in which researchers play a role in selecting, classifying, and synthesizing normative sources to produce coherent argumentative constructions (Creswell & Poth, 2018).

Legal materials were collected through a literature review of three types of legal materials. First, primary legal materials, which include capital market laws, OJK regulations, and other provisions governing information disclosure obligations and investor protection mechanisms. Second, secondary legal materials in the form of books, scientific journal articles, and official reports from institutions that review investor protection theory, corporate governance, and capital market supervision. Third, tertiary legal materials such as legal dictionaries and legal encyclopedias to clarify technical terms. The search strategy was carried out through library catalogs, journal databases, and official publications from authorities. The inclusion criteria include publications within the last twenty years, in Indonesian or English, and directly relevant to the themes of investor protection, OJK authority, and issuer information disclosure (Nazhifah et al., 2024). The exclusion criteria include popular writings that have not undergone peer review and documents that do not provide a reliable analytical basis.

Data analysis was conducted using thematic synthesis techniques on selected legal materials and literature. The first stage involved repeated readings to identify key themes, such as the limits of OJK's supervisory authority, the concept of material information disclosure, and the forms of protection available to retail investors. The second stage involved manually coding important sections of regulations, doctrines, and scientific papers into thematic categories, such as "supervisory authority," "disclosure obligations," "complaint mechanisms," and "sanctions and remedies." The third stage involved comparing sources to assess consistency, regulatory gaps, and potential overlaps. The quality assurance of the analysis was carried out through several

strategies: triangulation of primary and secondary legal materials, examination of the consistency of arguments with the general principles of capital market law, and rational testing of the compatibility between written norms and patterns of practice reported in relevant empirical studies (Bowen, 2009; Braun & Clarke, 2006, insofar as it relates to the logic of qualitative thematic analysis). The final results are analyzed descriptively and analytically to formulate normative conclusions regarding the adequacy of legal protection for retail investors in the capital market.

C. RESULTS AND DISCUSSION

The Authority of the Financial Services Authority and Supervision of Information Disclosure in Retail Investor Protection

The Financial Services Authority (OJK) derives its authority in the capital market from its statutory mandate to regulate and supervise financial services activities in an integrated manner. In the capital market, this mandate covers the regulation of securities issuance, the activities of supporting institutions, securities trading on exchanges, and enforcement of compliance with various obligations imposed on market participants. This authority is public in nature, meaning that the OJK acts not merely as a facilitator of transactions, but as an institution responsible for maintaining order, fairness, and efficiency in securities trading. For retail investors, the existence of an authority with such a mandate is an important prerequisite for building trust, as their investment decisions generally depend heavily on the belief that the authority is capable of preventing manipulative practices and taking action against violations of information disclosure (Nazhifah et al., 2024).

Information disclosure oversight plays a central role in investor protection efforts (Anggriawan & Susila, 2023). The principle of disclosure requires issuers to provide accurate, complete, and timely information regarding their financial condition, business prospects, and material events that may affect securities prices. The OJK is authorized to set standards for the content and format of reports, submission schedules, and procedures for public announcements. With this authority, the OJK can direct disclosure practices so that they do not stop at administrative compliance, but truly provide an adequate information basis for investment decision-making. Strengthening accounting

standards, independent audit requirements, and the use of electronic reporting systems are important instruments that enable the OJK to monitor the quality of disclosure more systematically (Adhiwangsa, 2024).

Other than standardizing, OJK has the authority to actively supervise issuers' compliance. This supervision can take the form of routine monitoring of periodic reports, review of incidental information disclosure, and special investigations if there are indications of violations. In practice, information disclosure supervision is often linked to stock price volatility that is not in line with available public information. In the event of unusual price movements, the OJK, together with the exchange and other institutions, may request clarification from issuers. This action serves as an early warning mechanism and a means of preventing the use of insider information or the dissemination of misleading information that could harm retail investors (Sidiprasetija & Coandi, 2025). In line with the findings of Tan et al. (2023), rumors about companies are often used to manipulate the market in the context of insider selling, emphasizing that supervision of information disclosure and classification by authorities is crucial to maintaining market integrity.

Another dimension of the OJK's authority is evident in its ability to impose sanctions for violations of information disclosure obligations (Wiyanti & Razak, 2024). Sanctions can take the form of written warnings, administrative fines, restrictions on business activities, revocation of licenses, and even recommendations for criminal proceedings in accordance with the provisions of the law. The escalation of sanctions is designed to be commensurate with the level of error and the impact caused, thereby creating a deterrent effect for issuers and responsible parties. For retail investors, clarity on the sanction framework signals that violation will not be allowed without consequences. The effectiveness of sanctions, however, depends heavily on the consistency of their implementation, the transparency of the enforcement process, and the OJK's ability to communicate the actions taken to the public (Wisudawan et al., 2023).

The OJK's regulatory and supervisory authority needs to be read in conjunction with the principle of financial services consumer protection. Principle places retail investors as potentially vulnerable parties in transactions

with financial institutions and issuers (Heradhyaksa, 2020). The OJK not only supervises the financial condition and governance of market participants, but is also responsible for ensuring that the products and services offered are not misleading and that the information provided is understandable to the general public. In the capital market, this is reflected in the regulation of prospectus content, the obligation to clearly disclose risk factors, and the prohibition of promotional practices that could obscure risks (Sujana, 2024). The integration of the consumer protection mandate into capital market supervision strengthens the position of retail investors as subjects whose rights must be recognized and protected.

Oversight of information disclosure is also closely related to the corporate governance of issuers. The OJK encourages the application of the principles of transparency, accountability, and responsibility through various provisions regarding the composition of corporate bodies, the existence of audit committees, and the obligation to prepare corporate governance guidelines (Adhiwangsa, 2024). The better the corporate governance at the issuer level, the less likely it is that financial statement manipulation, delays in disclosure of material events, or concealment of conflicts of interest that could harm minority shareholders will occur (Nurprastyo, 2024). From the perspective of retail investors, the OJK's supervision of governance is an additional layer of protection that reduces the risk of abuse of power by company controllers (Anggriawan & Susila, 2023).

In terms of institutional structure, OJK does not work alone. Capital market supervision involves coordination with stock exchanges, clearing houses, custodians, and supporting professions such as public accountants and appraisers. OJK sets standards of conduct, codes of ethics, and reporting obligations for these actors so that their respective functions can reinforce each other (Wendy, 2025). For example, external auditors play a role in verifying the fairness of financial reports, while the OJK oversees the independence and quality of the auditors' work. This collaboration provides additional assurance to retail investors that the information they receive has gone through several layers of testing, rather than being merely unilateral claims by issuers. The principle of accountability upheld by this monitoring system is not limited to financial

aspects, but also extends to the environmental sphere, where companies are required to account for their environmental performance through business ethics, responsibility, morals, and legal obligations (Darmawan, 2022). A multilateral oversight system, the formation of an integrated three-party coalition of competent and adequately incentivized monitoring parties, is essential to ensure the overall quality of corporate governance (Wehrhahn & Velte, 2024).

Oversight of information disclosure is also inseparable from the use of information technology. OJK encourages issuers and market participants to utilize electronic reporting systems and information announcement platforms that are easily accessible to the public. The use of technology reduces compliance costs and accelerates the dissemination of material information to all market participants at almost the same time. For retail investors, the existence of an official portal containing financial reports, corporate actions, and important announcements provides a more equal opportunity to access investment consideration materials. The advantages of new technology will be optimal if accompanied by adequate literacy so that investors are able to interpret the available information. However, the advantages of new technology will be optimal if accompanied by adequate financial literacy so that investors are able to interpret the available information. As shown by Mardikaningsih and Darmawan (2023), financial literacy is a critical factor in understanding financial information in investment decision-making.

At the policy level, OJK faces the challenge of balancing the need for strict regulation to protect investors with the need to maintain the attractiveness of the capital market as a means of raising funds (Wiyanti & Razak, 2024). Excessive disclosure requirements can be perceived as burdensome for issuers, while overly lenient standards open the door to violations and opportunistic practices. The OJK's regulatory authority is therefore often directed towards finding a reasonable middle ground, for example by adopting the principle of materiality, simplifying reporting forms for medium-sized issuers, and providing clear guidelines on what constitutes sufficient information (Wendy, 2025). Efforts to balance these two objectives determine the extent to which retail investors can feel truly protected.

Normatively, the construction of OJK's authority, information disclosure standards, and available sanctions indicate that the legal system has provided a relatively comprehensive framework for the protection of retail investors (Adhiwangsa, 2024). Supervision of periodic reports, material events, prospectuses, and issuer governance provide a strong foundation for reducing information asymmetry and preventing manipulative practices. This normative framework does not automatically guarantee effective protection (Nurprastyo, 2024). Adequate institutional capacity, competent human resources, and reliable technology are needed to ensure that all of the OJK's powers are exercised optimally and consistently.

From the perspective of retail investors, however, expectations of the OJK often clash with their concrete experiences when faced with investment losses. There are times when investors feel that the authorities are slow to act or that warning information is not widely disseminated. This shows that legal protection is not only a matter of the content of regulations or written authority, but also concerns the quality of communication, education, and sensitivity to early signs of violations. Strengthening these dimensions will determine the extent to which the OJK is truly perceived as a protector by retail investors who are vulnerable to market shocks and opportunistic behavior by stronger market players (Wisudawan et al., 2023).

Ultimately, the discussion regarding the OJK's authority and oversight of information disclosure confirms that retail investor protection is an ongoing process. The legal framework can be revised, reporting standards can be improved, and surveillance technology can be refined, but new challenges will always arise as products innovate and market participants' behavior changes. Retail investors need confidence that authorities will continue to adapt their supervisory approach in line with these dynamics. They also need clarity on complaint channels and a quick response when signs of violations arise. Thus, the OJK's authority as formulated in positive norms must always be translated into concrete actions that are felt by small investors on the trading floor and through online trading platforms.

Issuers' Disclosure Obligations and the Effectiveness of Legal Protection Mechanisms for Retail Investors

The disclosure obligations of issuers in the Indonesian capital market are rooted in the principle of transparency as stipulated in Law No. 8 of 1995 on Capital Markets. This law requires issuers and public companies to disclose timely and complete information regarding their financial condition, business prospects, and any material events that may affect the price of securities or investors' investment decisions (Sidiprasetija & Coandi, 2025). These regulations are detailed in implementing regulations, including provisions governing periodic financial reports, annual reports, and incidental information disclosure (Wendy, 2025). From the perspective of retail investors, this obligation forms the basis for action that provides action reasonable information so that decisions to buy, hold, or sell securities are not made in a state of information imbalance.

The prospectus, as the main document in a public offering, plays a very strategic role in protecting investors. The Capital Market Law requires every public offering to be accompanied by a prospectus that contains complete, honest, and non-misleading information about the issuer and the securities being offered (Sujana, 2024). This provision is further detailed in the authority's regulations governing the structure of the prospectus, including the obligation to include risk factors, the use of proceeds from the offering, a summary of financial data, and information about the management and major shareholders. For retail investors, the prospectus should serve as the primary source of understanding before making an initial investment decision, so that the emphasis on clarity and readability of information is imperative (Nianzah et al., 2024).

Periodical reporting obligations are a pillar of disclosure that ensures a continuous flow of information to the market. The Capital Market Law requires issuers and public companies to submit audited annual financial reports, semi-annual reports, and quarterly financial reports in accordance with financial accounting standards (Sidiprasetija & Coandi, 2025). Technical provisions regarding deadlines, formats, and delivery media are then regulated through authority regulations, including the strengthening of the use of electronic reporting systems. This regularity of reporting enables

retail investors to monitor the performance of issuers over time, assess financial health, and identify trends relevant to investment decisions (Wendy, 2025). The disclosure and transparency framework regulated through prospectuses and periodic reporting is becoming increasingly complex in the context of the digital economy, where platform-based start-ups planning to become issuers face unique legal implications related to data protection, business competition, and the sustainability of their business models. These specific legal aspects constitute new material information that must be adequately disclosed to potential investors, thus requiring a more specific and adaptive regulatory approach (Marsal & Hardyansah, 2025).

Incidental disclosure relates to material events that occur outside the regular reporting cycle, such as acquisitions, mergers, changes in control, changes in key management, major lawsuits, or other events that could reasonably affect the price of securities. The Capital Market Law and regulatory authorities require issuers to announce such information within a certain period of time after the event. This obligation aims to reduce the opportunity for insider trading and prevent price spikes or declines driven by information that is only available to market participants. For retail investors, incidental disclosure provides an opportunity to react rationally to important events concerning issuers (Nurprastyo, 2024).

In practice, regulations regarding information disclosure are combined with the law enforcement authority of the authorities (Wisudawan et al., 2023). The Capital Market Law provides a basis for authorities to impose sanctions on issuers who negligently or intentionally fail to comply with disclosure obligations. Sanctions may take the form of written warnings, fines, restrictions on activities, or even revocation of licenses for licensed entities. Certain violations that cause losses to investors can be classified as capital market crimes, such as making statements or providing information that is materially false or misleading in actions or reports. This framework of sanctions puts pressure on issuers to comply with disclosure standards.

Other than administrative and criminal sanctions, the Capital Market Law also provides for civil liability for losses suffered by investors as a result of misleading information. The provisions on civil liability allow aggrieved

investors to seek compensation from the responsible parties, including issuers, underwriters, or supporting professionals involved in the preparation actions or reports (Wendy, 2025). For retail investors, the availability of civil remedies provides an opportunity for recovery of losses, although in practice litigation presents obstacles in terms of cost, time, and the ability to prove their case. The effectiveness of civil liability provisions is therefore greatly influenced by the ability of small investors to organize claims, for example through class action lawsuits.

The establishment of the Financial Services Authority through Law No. 21 of 2011 brought about an expansion of the dimensions of protection related to information disclosure. One of the objectives of the OJK is to protect the interests of consumers and the public in the financial services sector, including the capital market (Wiyanti & Razak, 2024). This objective is realized, among other things, through the obligation of financial service providers to provide accurate, clear, and honest information about products and services, as well as the prohibition of misleading practices. In the capital market, this encourages the strengthening of regulations regarding the content and manner of information disclosure by issuers and other market participants, so that information is not only available but can also be reasonably understood by retail investors.

Within the framework of consumer protection, the OJK has issued provisions regarding complaint services and out-of-court dispute resolution for financial service users (Adhiwangsa, 2024). Among other things, these provisions require financial service providers to have a complaint handling unit and to provide clear and affordable procedures for consumers. Although not specifically aimed at the capital market, this mechanism provides a channel for retail investors to submit objections related to information that is considered misleading or market practices that are detrimental. At the sectoral level, the OJK can also appoint or recognize alternative dispute resolution entities that handle disputes in the financial services sector, including capital market investments (Sujana, 2024).

The effectiveness of retail investor protection depends on the internalisation and consistent monitoring of information disclosure regulations (Anggriawan & Susila, 2023), as well as the availability of comprehensive

enforcement tools (Wendy, 2025). The key to its success lies in the ability of authorities to quickly identify and address violations through technology-based oversight, data analysis, and coordination. The development of this capacity must address the challenges of cybersecurity and personal data protection (Gardi & Eddine, 2023), taking into account the adaptation of technological principles such as blockchain for data integrity (Costa et al., 2023; Khairi & Darmawan, 2025). The aspect of personal data protection itself is a fundamental human rights issue in the digital age (Issalillah & Hardyansah, 2024; Dirgantara et al., 2025).

Formal mechanisms aside, the existence of disclosure rules must be viewed in conjunction with applicable accounting and auditing standards. Issuers' financial statements are prepared based on Financial Accounting Standards and audited by registered public accountants (Wendy, 2025). Regulations in the public accounting profession, including independence requirements and auditing standards, provide a layer of control over the reliability of disclosed financial information. When authorities supervise not only issuers but also supporting professions, the quality of information received by retail investors has the potential to improve. Disclosure regulations do not stand alone but are supported by a regime of standards that provide additional assurance regarding the fairness of the data disclosed. The interaction between regulatory oversight and auditor independence is crucial, as it fosters public confidence in the financial reporting process (Blessing, 2024).

The legal protection mechanisms available to retail investors at action level appear to be quite extensive, ranging from active action through complaints to the OJK, civil action through compensation claims, to the possibility of criminal reporting for serious violations (Wiyanti & Razak, 2024). Their effectiveness, however, depends on accessibility and the courage of investors to use these channels. A regulatory framework that recognizes the possibility of class action lawsuits in the general courts, as well as provisions that allow consumer organizations or investor associations to represent the interests of many parties, can strengthen the bargaining position of retail investors. This reduces the barriers for individuals to claim their rights, as the costs and burden of proof can be shared collectively.

When viewed as a network of norms, it is clear that issuers' disclosure obligations and legal protection mechanisms for retail investors are closely interrelated (Wisudawan et al., 2023). High-quality disclosure reduces the need for dispute resolution, while the existence of effective recovery mechanisms puts pressure on issuers to comply with disclosure obligations. Regulations governing information disclosure, sanctions, civil liability, and complaint mechanisms through authorities form a series of measures aimed at placing retail investors in a more protected position against dishonest or misleading information practices.

In practice, retail investors still face challenges in utilizing the protections available to them (Anggriawan & Susila, 2023). Barriers such as legal and financial literacy, an imbalance of resources with issuers, and the perception that complaint and lawsuit channels require significant effort can reduce the tendency to fight for rights when harmed. Regulatory reforms, there is a need to strengthen outreach and assistance so that small investors understand their rights and the available avenues for redress. Strengthening retail investor organizations that are able to interact with authorities and market participants can also help bridge the information and capacity gaps that still exist in capital market practices.

The improvement of issuer disclosure regulations should be directed towards improving the quality, not just the quantity, of information. Affirming risk factor presentation standards, explanation requirements that are more reader-friendly, and the use of formats that facilitate comparisons between issuers are relevant measures to improve the usefulness of information for retail investors. On the enforcement side, transparency regarding authorities' actions against disclosure violations, public publication of sanctions, and the provision of easy-to-understand case summaries will strengthen the deterrent effect and encourage issuers to be more careful in fulfilling their disclosure obligations. The existing regulations can thus move closer to the ideal goal of protecting retail investors in the capital market.

D. CONCLUSIONS

This research shows that the capital market legal framework has placed investor protection as a primary objective through a combination of regulatory and supervisory powers held by the

Financial Services Authority and regulations on issuers' disclosure obligations. The principle of transparency stipulated in the Capital Market Law, which is detailed in the authority's regulations, provides a legal basis for retail investors' rights to obtain accurate, complete, and timely information about issuers and traded securities. At the institutional level, the OJK has a broad mandate to supervise issuer compliance, enforce governance standards, and impose administrative and criminal sanctions for violations of information disclosure. Although the normative structure can be considered relatively complete, the effectiveness of protection depends on consistent enforcement, technology-based supervisory capacity, and the readiness of the system to respond quickly to violations that could potentially harm small investors.

The theoretical implications of this research lie in strengthening the understanding of the relationship between the principle of transparency, the mandate to protect financial services consumers, and the design of supervisory authority powers in capital market law. The analysis shows that retail investor protection requires a combination of material norms on disclosure, civil and criminal liability provisions, and administrative mechanisms organized by the authorities. In practical terms, the findings emphasize the importance of improving the quality of issuers' disclosures, including the clarity of prospectuses, the completeness of periodic reports, and the timeliness of incidental information, accompanied by transparency in law enforcement actions by the OJK. Issuers' managers need to view disclosure obligations as an integral part of corporate governance, while policymakers are encouraged to continue refining regulations governing complaint procedures, public information services, and avenues for retail investors to recover losses so that the protection promised by the norms can be felt in real terms.

First, policymakers are advised to clarify and harmonize derivative regulations governing information disclosure, including guidelines for presenting risk factors and management explanations in annual reports, so that they are easier for public investors to understand. Second, the OJK needs to expand the use of surveillance technology and increase the publication of summaries of disclosure violations to strengthen the deterrent effect and provide practical guidance for issuers. Third,

issuers should strengthen their internal governance functions, particularly the role of the audit committee and investor relations unit, so that the process of preparing and disseminating information to the public is carried out in a disciplined manner. Fourth, retail investor organizations and legal aid institutions need to be encouraged to take an active role in educating investors about their rights and providing assistance in the event of disputes, including exploring the use of class action lawsuits as a collective instrument to reduce cost barriers and improve the bargaining position of small investors in claiming compensation for losses.

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